budgetary support from the Central Government is provided through the Planning Commission. The pattern and quantum of financial support to the States is determined on the basis of recommendations of the Finance Commission.

RBI warning on States deficit

509. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) what is the States deficit of the GDP;

(b) in what manner Government propose to combat the situation;

(c) whether Government's attention has been drawn to the warning of the Reserve Bank of India in this regard; and

(d) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) As per the RBI report on State Finances, January 2000, the Gross Fiscal Deficit was 4.3 percent of GDP in 1998-99. Financial management of States is primarily the responsibility of the State Governments and it is for the respective State Governments to initiate remedial action. However, in order to assist the States who have initiated fiscal reforms, Government of India has created a facility for extending medium term assistance to those States who have entered into an agreement with Government of India for initiating monitorable fiscal reform programmes.